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**CENTRAL INTELLIGENCE AGENCY
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SECTION 1 (SOVIET)

1. BULGARIA. Turkish offer to accept Svilengrad refugees reportedly refused: According to a report from Ankara, Bulgaria has refused to accept a Turkish offer to admit into Turkey a number of refugees who have been detained at the border city of Svilengrad since the closing of the Turkish-Bulgarian frontier on 8 November. (R FBIS [redacted] 3 Jan 52) 25X1A

Comment: On 1 December, the Turkish Ministry of Foreign Affairs announced that it had informed the Bulgarian Government the border could be reopened, subject to the fulfilment of two requirements: (1) Bulgaria must agree to accept the return of a group of "gypsies" who had recently entered Turkey by means of forged visas, and (2) Bulgaria must agree to comply with its guarantee that no more "gypsies" be sent into Turkey in the future. These demands, according to the Turks, met with a favorable reply in which Bulgaria "complied with the requirements" set forth in the Turkish note.

During the past month it has become increasingly apparent that, although the Turkish-Bulgarian border was closed on the initiative of Ankara, Bulgaria is in fact responsible for, and apparently satisfied with, the continued arrestment of border and refugee movements between the two countries.

2. CZECHOSLOVAKIA. Air defense preparations: The US Military Attaché in Prague reports intensive training in antiaircraft gun drills at a probable air defense repair depot and training center in Bohnice on the outskirts of Prague. He further reports that the total number of 88mm AA guns at this depot has been reduced from 103 as of mid-December to approximately 75. (S US Mil Att Prague 4 Jan 52)

Comment: An increase in air defense preparations has been evident throughout the Satellites during the past year and a half. Augmentation of the AA defenses of Warsaw by the emplacement of over 60 guns since September 1951 was preceded by accumulation of weapons at a gun park near the city. A similar program may well be in progress in the Prague area.

3. HUNGARY. Development of radar defenses in Hungary: [redacted] 25X1C [redacted] a radar station has been built on the northwestern edge of Nagykanizsa, Hungary. The station is connected by radio with air defense headquarters in Budapest. The installation at Nagykanizsa was completed in August 1951 and one of the Soviet officers inspecting reportedly deplored the delay of several

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months in the setting up of a Hungarian radar system due to a shortage of equipment. [REDACTED] the visual air observation service has been extended in the southern part of Hungary.

25X1C

25X1A [REDACTED]

Comment: Evidence to date has not credited Hungary with a radar-integrated air warning system. The early warning system in the Satellite areas has expanded considerably during the past several years and the utilization of improved equipment is a logical development.

4. New economic Ministries created: A recent decree of the Council of Ministers created new economic ministries by splitting or replacing certain existing ones. The new ministries are: State Forestry and Farms, Food Industry, Medium Machine Industry, Building Material Industry, Postal Affairs, Local Industry, Produce Collection and Communications. (R FBIS, 7 Jan 52)

Comment: The trend toward decreasing the scope of responsibility of individual economic ministries in Eastern Europe, in imitation of the Soviet pattern, has been under way since 1949. The first such splitting of ministries in Hungary occurred in Dec 1950. Limiting the sector of the economy, for which each minister is responsible is intended to bring more efficient administration and increased security through greater compartmentalization of knowledge and authority.

5. POLAND. US Ambassador in Warsaw foresees new restrictions on American missions: American Ambassador Flack in Warsaw comments that the rapid trial in Poland of five alleged US spies suggests a possible build-up to justify increasing restrictions on American missions in Eastern Europe.

The Ambassador points out it is possible that an anti-American build-up, at Soviet instigation, is being deliberately carried to a point likely to provoke US withdrawal of one or more missions in Eastern Europe. The Ambassador states that his analysis is consistent with recent Satellite notes and propaganda portraying US missions as espionage agencies which do not perform legitimate diplomatic functions. (S Warsaw 466, 7 Jan 52)

Comment: The charges against the Polish defendants did not specify that they had contacts with the US Embassy in Warsaw, but alleged that they were recruited in Germany by US intelligence officers. The recent notes, while attacking former members of US missions in Eastern Europe, did not mention any current members. So far there have been no indications that the USSR or the Satellites no longer desire to maintain diplomatic missions in the West.

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6. YUGOSLAVIA. US and Yugoslavia sign an Economic Cooperation Agreement:
The governments of the US and Yugoslavia have formalized an economic assistance pact, under the terms of the Mutual Security Act of 1951, designed to promote the economic stability and defense of Yugoslavia.

Although the amount of economic aid depends upon administrative action, this type of agreement imposes certain broad conditions upon the recipient state. Among these are the general requirements that the recipient must make a full contribution to the defense of the free world as well as to its own defensive strength. (U Belgrade NY Times 8 Jan 52)

Comment: Yugoslavia's adherence to this agreement represents another significant departure from previously held Yugoslav Communist theory concerning Western sponsored economic aid programs.

The Yugoslav press reportedly has given the signing of the agreement wide and favorable coverage.

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SECTION 2 (EASTERN)

1. SAUDI ARABIA. King makes new demand on Arabian American Oil Company: King Ibn Saud has recently demanded that the Trans-Arabian Pipeline Company, which delivers the oil of the Arabian American Oil Company to the Mediterranean, be put on a profit-making basis. The King believes that he will thus be able to demand 50 percent of any profits made by the ARAMCO subsidiary which now operates on a cost basis.

The Executive Board of ARAMCO expects to discuss this and other issues with the King when it meets with him in mid-January. Ibn Saud's recent expressions of bitterness over the company do not presage a happy atmosphere for solving their outstanding differences. [redacted]

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Comment: If Trans-Arabian Pipeline is put on a profit-making basis, the money allotted to the King will actually come from the parent company, ARAMCO. It is unlikely therefore that fulfillment of the King's wishes will give him more money than he is now getting on the basis of a 50-50 agreement with ARAMCO itself.

2. INDIA. Chinese Communists from Tibet claim Indian territory: Chinese Communists from western Tibet have claimed a mountain shrine at Badrinath, some 20 miles inside Indian territory northeast of Delhi, according to Indian press reports. They have also allegedly laid claim to territory 56 miles south of Badrinath. (U New Delhi 2359, 7 Jan 52)

Comment: Chinese Communist patrols have penetrated into Indian and Pakistani territory on several occasions in the past two years, and on at least one occasion occupied a border post from which they had to be ousted forcibly by Indian troops. With Chinese Communist consolidation of Tibet proceeding apace, Chinese probing should increase in the Himalayan frontier areas where international boundaries are undefined or in dispute.

3. PAKISTAN. Vernacular newspapers receive free engravings from Soviet Embassy: Individual Urdu newspapers in Pakistan receive from the Soviet Embassy, Karachi, approximately one zinc engraving a week, accompanied by cutlines and long propaganda stories. According to the editor of a Karachi Urdu daily, the Soviet Embassy began this practice because photographs it distributed to the press were not being printed. The engravings, which are probably made locally, are used regularly in the pro-Communist Imroze and in some of the smaller Urdu weeklies. They are used irregularly in Anjam and Jang, the two largest vernacular newspapers, which seldom use the accompanying stories. (C Karachi Desp 582, 7 Nov 51)

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Comments: Presumably any financial and technical difficulties preventing non-publication of photographs by Pakistani newspapers would be overcome by the receipt of engravings, assuring the Russians a wider dissemination of their propaganda material.

4. INDONESIA. Officials and adherents of Republic of South Moluccas surrendered: A semi-official news agency reports an announcement by the Indonesian Army of the surrender on 6 January of the President, several members of the cabinet, and 2,000 adherents of the insurgent "Republic of the South Moluccas" on Ceram Island. (U Djakarta 977, 8 Jan 52)

Comment: This surrender presumably concludes the government's costly 16-month campaign against the insurgent "republic."

5. INDOCHINA. Interim replacements for De Lattre named: The US Military Attaché in Hanoi has been informed that General Salan, General de Lattre's deputy, has been appointed Commander-in-Chief, "pending de Lattre's return." At the same time Governor-General Gautier, De Lattre's chief civil aide, was named Acting High Commissioner. De Lattre will probably need several months to recover from a recent operation. (TS Hanoi 456, 9 Jan 52)

Comment: General de Lattre has recently undergone a second operation which was apparently more serious than earlier reports suggested. Recent reports indicate that the general will not be willing to reassume his command because of disillusionment with the stalemate in Indochina as well as for reasons of health.

6. KOREA. North Korean General Nam Il reported to hold no important post: 25X1C [redacted] reportedly has learned from high level government contacts in Pyongyang that "the position of Chief of Staff, North Korean Army, formerly held by Nam Il, is now vacant" and that Pang Hak-se is the Minister of Social Security, with Nam Il acting as a "deputy minister who controls Ministry of Social Security activities in the armed forces." 25X1A [redacted]

Comment: There are numerous indications that North Korean General Nam Il still holds both his positions as NKPA Chief of Staff and Minister of Social Security. Pang Hak-se is generally identified as Nam IL's chief deputy in the security ministry.

7. North Korean official cites need for increased agricultural production in 1952: Minister of Agriculture Pak recently stated at length that although the farmers of North Korea have successfully carried out

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their work this year, production must be increased "even more next year." The means by which agricultural production is to be increased are the securing of superior seeds, farming implements, compost, and the acquiring of advanced agricultural knowledge. In addition, Pak stressed the need for the manufacture of "many handy farming tools suitable for...women" and suggests a "symposium in each hamlet" in which "distinguished farmers" will disseminate advanced agricultural knowledge to those less accomplished.
(U FBIS, 8 Jan 52)

Comment: A serious food deficiency exists in North Korea. The major causes of this problem are: the shortage of manpower, leaving only the very young, the aged, and women for agricultural work; destruction of the chemical fertilizer plants; declining morale; and the weakening of controls at lower levels.

8. JAPAN. Left-wing Socialist leader suggests Stalin give more practical demonstration of friendship: Left-wing Socialist leader Musaburo Suzuki in a newspaper interview termed Stalin's New Year message "formalistic" and expressed a hope that the USSR would give a more practical demonstration of friendship by returning the Kuriles and Sakhalin and by repatriating Japanese prisoners of war "if there are any." Suzuki also demanded a Soviet nonaggression pledge, which would eliminate the necessity for stationing US troops in Japan. (R Tokyo 1419, 8 Jan 52)

Comment: Suzuki's statement reflects the strong Japanese feelings that the Kuriles should be returned to them since they were not obtained by aggression.

Suzuki's call for a Soviet nonaggression pledge represents a portion of the leftist Socialists' platform adopted in late December. The program calls for the abrogation of the Sino-Soviet Treaty of Friendship and Mutual Assistance simultaneously with the scrapping of the US-Japanese Security Pact and the maintenance of neutrality as the best means of security.

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SECTION 3 (WESTERN)

1. GERMANY. Adenauer wants clarification of German defense contribution: American negotiators, meeting with Federal Republic representatives on the German financial contribution to Western defense, feel that Chancellor Adenauer is "dragging his feet" in these discussions. He is now insisting that German experts be sent before the NATO Temporary Council Committee to redetermine the size of the German defense contribution. He argues that the Bonn Parliament will not approve these negotiations unless it appears that the same body which fixed other NATO nations' contributions also fix the German contribution in the same manner. (S Bonn 1021, 8 Jan 52)

Comment: No German representatives were present when the Committee fixed the size of the German contribution. Adenauer's demand for new Committee hearings reflects his feeling that a German defense contribution fixed by the Allies alone resembles occupation costs.

Allied representatives have reasonable hope that agreement will be reached on the annexed conventions to the Contractual Agreement — with the possible exception of this issue -- before the next NATO conference.

2. East German physicians receive special training for treatment of war casualties: East German physicians were reportedly given special training last summer in the treatment of casualties resulting from atomic and chemical warfare. Certain physicians were selected for further training in the USSR. (S CINCUSAFE, Wiesbaden Weeka 1, 4 Jan 52)

Comment: This is the first report of such a training program for civilian physicians. Since the training program allegedly has been in progress since last summer and no confirming reports have been received, it is doubtful that a civilian program is as yet being conducted on a large scale. Other sources have reported that medical training of the para-military police has included lectures on defense against chemical attack and the treatment of gas casualties.

3. AUSTRIA. Possibility of political crisis over restitution issue foreseen: Commenting on the Communists' inability thus far to seize the initiative in further arousing public resentment over the restitution to Prince Ernst Starhemberg, former Heimwehr leader, of estates taken from him by the Nazis after 1938, the US Embassy in Vienna expresses concern that the episode may have wide political repercussions. Indications that the People's Party, blamed by the Socialists for the court's ruling, may relax party discipline to permit its members to approve a bill of attainder depriving Starhemberg once more of his property, suggest a conciliatory attitude on the part of party leaders.

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The US Embassy believes that if the Socialists fail to receive parliamentary satisfaction, they might take the issue to the electorate. (C Vienna 2237, 7 Jan 52)

Comment: The Socialists, concerned both by Communist efforts to exploit this issue and by indications of rank-and-file dissatisfaction with Socialist leadership, might possibly try to improve their position at the expense of the People's Party. Such action, however, would be at variance with pre-Christmas statements of leaders of both major parties reaffirming the necessity of a coalition and with Socialist efforts to preserve the government until the 1953 elections.

4. ITALY. Italian reparations to Greece bog down: Italian officials report that during the past year the Greek-Italian reparations agreement has not been operating smoothly because of Greek administrative inefficiency and unwillingness or inability to deliver counterpart raw materials to Italy. They indicate that the prospects for future deliveries of equipment from Italy to Greece are not good unless raw material shipments from Greece are kept up to date. (R Rome MSA A-1, 8 Jan 52)

Comment: Part of the Italo-Greek reparations agreement required that Italy supply Greece with manufactured products, but with the Greeks providing part of the raw materials required. The Italians are at present hard-pressed for raw materials. This issue might strain the relations which have been steadily improving between the two countries.

5. SPAIN. US Ambassador urges early negotiations with Spain: The American Ambassador in Madrid urges that the US take full advantage of an unusually pro-US atmosphere in Spain by sending teams to negotiate military and economic aid agreements.

The Ambassador feels that a highly cordial attitude on the part of the Spanish Government has been created by recent press statements of two American officials regarding the results of the survey of the Spanish economy recently completed by a special US mission. In his opinion, these statements show that American interest in improving the Spanish economy and popular living standards is quite separate from political considerations. (S Madrid 712, 7 Jan 52)

Comment: The Spanish Government, through the controlled press, is apparently trying to create the impression that negotiation of an economic agreement will begin at any moment, regardless of military considerations, and that every sector of the Spanish economy will receive considerable immediate aid. This tactic reflects the overwhelming political importance which the regime attaches to American aid.

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6. CHILE. Large quantity of Chilean copper in Lebanon offered to US: An American citizen in Beirut has offered to purchase a large quantity of Chilean copper and smaller quantities of copper of unknown origin for the US Government. The copper offered includes 13,000 tons of electrolytic copper -- 11,000 tons, f.o.b. Chile, at 1,285 dollars per ton and 2,000 tons, f.o.b. Antwerp, at 1,465 dollars per ton -- and some 1,325 tons composed of blister, electrolytic scrap, wire, and cables at from 1,150 to 1,370 dollars.

The US Legation in Beirut believes that the US, if it is willing to meet prices now offered in this area by Iron Curtain buyers, can effectively stop shipments to the Orbit and obtain all available supplies. (C Beirut 671, 8 Jan 52)

Comment: Presumably a major portion of the copper involved is part of the US-mined Chilean copper allocated to Chile for its free disposal under the May 1951 US-Chilean copper agreement. The Chilean Government has set a minimum price of 1,200 dollars per metric ton, f.o.b. Chile, for its "free disposal" copper, and there is nothing in the recent agreement to prevent the shipment of all or part of the "free disposal" copper to the US. Chile agreed to make eighty percent of the large US mine production available to the US at approximately 606 dollars per metric ton.

7. DOMINICAN REPUBLIC. Agreement with Haiti signed: The Dominican Republic and Haiti have signed a five-year agreement regarding the admission of Haitian workers to the Dominican Republic and their employment there. The agreement 25X1A sets up the regulations for the employment of these workers in Dominican agriculture and industry and defines the living conditions and mutual obligations between the workers and their employers. (R FBIS [redacted] 6 Jan 52)

Comment: The Dominican and Haitian Governments have long been discussing the proposal for a bilateral treaty on emigration. Previous talks had failed because the Dominican Republic could receive no adequate assurance that Haitian workers would voluntarily return to their country. Apparently a suitable arrangement has now been worked out on a limited seasonal basis.

The agreement represents the carrying out of a joint declaration issued by Presidents Trujillo and Magloire at their frontier meeting last February (see OCI Daily Digest, 6 Feb '51).

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SECTION 3 (WESTERN)

NETHERLANDS. Dutch and Indonesians ready to begin discussions: The Indonesian Foreign Minister is appreciative of US intervention in the Dutch-Indonesian dispute and states that according to a press report from The Hague, the Netherlands Government is ready to proceed with the Dutch-Indonesian talks. He says that his country will do everything possible to pursue discussions to a satisfactory conclusion. (S S/S Djakarta 978, 9 Jan 52)

Comment: Both the Netherlands and Indonesia are reportedly satisfied with the exchange of notes concerning the Indonesian seizures of arms enroute to Netherlands New Guinea. Discussion can now begin on the Indonesian demands for abrogation of the Union statute, revision of the rest of the Dutch-Indonesian agreements, and transfer of New Guinea's sovereignty to Indonesia.

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